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12 UNITED STATES BANKRUPTCY COURT  
13 EASTERN DISTRICT OF CALIFORNIA  
14 SACRAMENTO DIVISION

15 IN RE:

16 ROCKLIN FAMILY ENTERTAINMENT,  
17 LLC,

18 Debtor.

Case No. 2010-51840-A-11

Chapter 11

DCN: TF-1

19 **DECLARATION OF KELVIN H. MOSS IN**  
20 **SUPPORT OF MOTION TO CONVERT**  
21 **TO CHAPTER 7 CASE OR**  
22 **ALTERNATIVELY, TO DISMISS FILED**  
23 **BY TL MEADOWS, LLC**

Date: January 14, 2011

Time: 10:00 a.m.

Dept.: Dept. A; Courtroom 28

Judge: Honorable Michael S. McManus.

Location: U.S. Bankruptcy Court, 6<sup>th</sup> Floor  
501 I Street, Sacramento California

24 I, Kelvin H. Moss, declare:

25 1. I am the managing member of TL Meadows, LLC, a California limited liability  
26 company (the "Movant"). I maintain my office at 9970 Hadleigh Drive, Granite Bay, California  
27 95746. As for the matters set forth herein, if called upon to testify, I could and would  
28 competently testify thereto, for I know the matters to be true of my own personal knowledge or  
by my review of the books and records of the TL Meadows, LLC which are kept in the ordinary  
course of business.

2. In October 2007, Debtor Rocklin Family Entertainment, LLC ("Debtor") borrowed \$2,000,000 from PremierWest Bank, a third party lender for a certain loan no. 299-230-6006 (the "Loan"). The Loan was documented in a Promissory Note, a Limited Liability Company Resolution to Borrow/Grant Collateral, Business Loan Agreement and a Commercial Security Agreement (the "Loan Documents"), true and correct copies of which are attached as **Exhibit A**. The Loan Documents granted Lender a security interest in Debtor's assets.

3. PremierWest Bank recorded a UCC Financing Statement covering certain collateral on February 13, 2008 as document no. 08-7147137836, a true and correct copy of which is attached as **Exhibit B**.

4. Generally, the Loan required Debtor to make monthly principal and interest payments of \$15,345.72 for sixty consecutive months beginning February 1, 2008, then monthly principal and interest payments of \$15,345.72 beginning February 1, 2013 for fifty-nine consecutive months and then, one final payment of \$1,346,786.92 on January 1, 2018 as fully described in the Promissory Note.

5. As of August 24, 2009, Debtor was in default in the installment payments due on the Loan in the amount of \$1,979,612.58 and PremierWest declared a default under the Loan, a true and correct copy of this is attached as **Exhibit C**.

6. On or about June 25, 2010, Movant purchased the Loan from PremierWest Bank and PremierWest Bank conveyed, transferred, assigned, sold and delivered to Movant all right, title and interest in the Loan and the Loan Documents, including PremierWest Bank's security interest in the collateral securing the Loan. By the Assignment, Movant succeeded to the interests of PremierWest Bank, a true and correct copy of which is attached as **Exhibit D**. An Assignment of the UCC Financing Statement also was recorded August 10, 2010 as document no. 10-72411684, a true and correct copy of which is attached as **Exhibit E**.

7. On August 10, 2010, Movant notified Debtor that it remained in default and as of August 6, 2010, the amount due and owing was approximately \$2,116,681.10 plus default interest. A true and correct copy of the correspondence to Debtor is attached as **Exhibit F**.

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8. On November 5, 2010, Movant took steps to foreclose on its security interest on Debtor's furniture, fixtures, equipment, tenant improvements and other collateral. A Notice of Disposition of Collateral on Default was sent to Debtors, its guarantors, lien holders, and others, a true and correct copy of which is attached as **Exhibit G**. An auction of Debtor's collateral was scheduled to start on December 8, 2010.

9. In addition to being the managing member of TL Meadows, LLC, I am the managing member of Debtor's landlord, Silversword Properties, LLC.

10. On or about April 16, 2007, Silversword Properties, LLC entered into a Building Lease Agreement with Debtor for the lease of certain premises known as 5681 Lonetree Boulevard, Rocklin, California (the "Lease"), a true and correct copy of which is attached as **Exhibit H**. The Lease was for a term of two hundred forty (240) months. The Lease obligated Debtor to pay monthly base rent and additional rent. (Lease, ¶ 3.) Debtor also incurs late fees and interest when it failed to timely pay its monthly leasehold obligations. (Lease, ¶¶ 16.1, 16.2.)

11. Under the Lease, Debtor's monthly obligations total \$103,835.46 as follows:

Base Rent	\$ 82,535.46
Operating Costs	\$ <u>21,300.00</u>
Total	\$ 103,835.46

12. As of December 1, 2010, Debtor had balance due of \$1,624,922.08 in leasehold obligations. A true and correct copy of the current Tenant Ledger is attached as **Exhibit I**. It incurred a late fee on December 10, 2010 of \$10,553.55.

13. Debtor has not paid its post-petition rent obligation for December 3-31, 2010 in the amount of \$95,585.28.

14. Given the financial obligations owed by Debtor, I, on behalf of TL Meadows, LLC and Silversword Properties, LLC, will not compromise the amounts owed by Debtor either under the Loan or under the Lease. If Debtor elects to assume the Lease, it will be required to cure all outstanding obligations.

15. Recently, I was emailed a copy of a letter prepared by Debtor's principals which was sent its investors, a true and correct copy of which is attached as **Exhibit L**. In the email, Debtor has claimed that its entire business downfall and need to file bankruptcy was due to

1 Movant's scheduling of an auction to foreclose on its security interest in certain collateral. The  
2 letter demonstrates Debtor's lack of acknowledgment of its long-term, significant failure to  
3 operate a viable business. It owes millions in unpaid rent, loan installments and taxes. None of  
4 which were a result of the decision to enforce Movant's security interest in the collateral.

5 I declare under penalty of perjury under the laws of the State of California that the  
6 foregoing is true and correct and that this Declaration was executed on December 16, 2010, at  
7 Sacramento, California.

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9 /s/ Kelvin H. Moss  
Kelvin H. Moss  
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